

By: Thompson of Harris

H.B. No. 2462

A BILL TO BE ENTITLED

AN ACT

relating to automobile club memberships offered in connection with certain motor vehicle retail installment contracts.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 348.005, Finance Code, is amended to read as follows:

Sec. 348.005. ITEMIZED CHARGE. An amount in a retail installment contract is an itemized charge if the amount is not included in the cash price and is the amount of:

(1) fees for registration, certificate of title, and license and any additional registration fees charged by a full service deputy under Section 520.008 [~~502.114~~], Transportation Code;

(2) any taxes;

(3) fees or charges prescribed by law and connected with the sale or inspection of the motor vehicle; and

(4) charges authorized for insurance, service contracts, warranties, automobile club memberships, or a debt cancellation agreement by Subchapter C.

SECTION 2. Subchapter E, Chapter 348, Finance Code, is amended by adding Section 348.414 to read as follows:

Sec. 348.414. AUTOMOBILE CLUB MEMBERSHIP OFFERED IN CONNECTION WITH RETAIL INSTALLMENT CONTRACT. (a) A retail seller may, at the time a retail installment contract is executed, offer to

1 sell to the retail buyer an automobile club membership.

2 (b) The retail seller shall give the retail buyer written  
3 notice at the time the retail installment contract is executed that  
4 the retail buyer:

5 (1) is not required to purchase the membership as a  
6 condition for approval of the contract; and

7 (2) is entitled to cancel the membership and receive a  
8 full refund of the purchase price of the membership before the 31st  
9 day after the date the contract is executed.

10 (c) The amount charged for a membership as authorized by  
11 Subsection (a) must be reasonable.

12 SECTION 3. The changes in law made by this Act apply only to  
13 a retail installment contract executed on or after the effective  
14 date of this Act. A retail installment contract executed before the  
15 effective date of this Act is governed by the law in effect when the  
16 retail installment contract was executed, and the former law is  
17 continued in effect for that purpose.

18 SECTION 4. This Act takes effect September 1, 2013.